

Greka Hit With \$8.5M Suit Over Cleanup Order

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Thursday, Jul 24, 2008 --- A California agency has slapped Greka Oil & Gas Inc. with an \$8.5 million lawsuit for allegedly failing to comply with a cleanup and abatement order, thus adding to the embattled company's legal woes.

The complaint, filed earlier this week by the California Regional Water Quality Control Board, accuses Greka of not properly removing hazardous wastes and soils impacted by spills of crude oil and other pollutants, as it was told to do in December 2006.

A hearing on the matter is scheduled for Oct. 16 and Oct. 17 in Santa Barbara, Calif.

The complaint is just one of many government actions that have been taken against the company. According to California state Assemblyman Pedro Nava, state, local and federal agencies have handed Greka more than 740 citations since it began doing business in Santa Barbara County in 1999, resulting in fines of about \$2.6 million.

Over that time, Greka has released more than 500,000 gallons of crude oil and processed water into the environment, said Nava, who called the company a "serial spiller."

"Based on all the information I have, Greka has singularly distinguished themselves as one of the worst polluters in Santa Barbara County," Nava said. "I don't think there's anyone that comes even remotely close to this level of violations."

A spokesman for Greka did not immediately return a call seeking comment on Thursday.

This year, Greka has been served with at least four enforcement orders from the U.S. Environmental Protection Agency, stemming from leaks at an idle tank farm and other sites around Cat Canyon Creek, Bradley Canyon Creek and Sisquoc Creek in central California.

The EPA has also taken over a Greka Superfund site related to a 50,000 gallon spill in January.

"We have given Greka every opportunity to properly conduct this cleanup under federal oversight, but they have failed," an EPA official said in April. "So, the EPA will take over at the Palmer Road lease; the federal

government will then seek reimbursement of those costs from Greka.”

Greka responded by saying the EPA's actions have prevented it from quickly and efficiently completing the cleanup.

“Greka explained to the EPA that the project requires considerable research to determine the most efficient and cost-effective method to remove and dispose of the waste material and that Greka is investigating various methods to accomplish the removal of the sediment,” the company said at the time.

Thus far, Santa Barbara County has declined to shut down the company. But Nava recently introduced a bill that would provide increased authority to the California Department of Conservation in order to ensure that oil companies meet minimum operating standards.

The bill, which is supported by California Gov. Arnold Schwarzenegger, would also create a bonding requirement to ensure that cleanup costs are covered.

“It will give the state of California the authority to do what counties may be reluctant to do,” Nava said.

--Additional reporting by Marc Tracy